

Committee Remarks

Honorable Maxine Waters, D-CA-35th

“H.R. 556, National Security Foreign Investment Reform and Strengthened Transparency Act of 2007”

February 7, 2007

Mr. Chairman, as you know, I was a strong supporter of, H.R. 5337, the National Security Foreign Investment Reform and Strengthened Transparency Act of 2006, which passed this Committee as well as the House in the 109th Congress. First, I want to again acknowledge the work of our distinguished Chairman of the Committee of Financial Services, Mr. Frank and Mr. Gutierrez, Chairman of the Subcommittee on Domestic and International Monetary Policy, Trade and Technology for supporting this bill. Let me also thank Ms. Maloney, a member of

the Subcommittee on Domestic and International Monetary Policy, Trade and Technology, for again introducing this legislation, H.R. 556. In addition, the bill now has 50 co-sponsors.

Last year, the House approved a comprehensive set of reforms to the Committee on Foreign Investment in the United States (CFIUS) process. It is a testament to the diligence of Ms. Maloney and other Members of the Committee on Financial Services that H.R. 556 is being considered so early in this Session.

It has been almost a year since we learned of the Committee of Foreign Investment's (CFIUS) activities related to Dubai World Ports and the implications of the proposed deal for national security. I can genuinely say that the

Members of the Committee on Financial Services have been most directly involved in this issue since that time.

The bill the House passed last year, H.R. 5337, was designed to reform the CFIUS process based on the information gleaned from earlier hearings on the subject. We have heard about the negative impact of cutting off foreign direct investment in the U. S. However, it would be foolish to assume that we would take any such steps to prohibit foreign direct investment. At the same time, we need to consider safeguards to ensure that the CFIUS process is consistent with the original intent of the Congress concerning national security and investments.

It is time that CFIUS operated within the law and that it is made clear who is responsible for what. Another critical issue is how decisions are actually made, and what entity is principally responsible for protecting the national security interests of the nation as they pertain to foreign direct investment.

The bill enables CFIUS to unilaterally initiate a review where an issue of concern is raised; any foreign government backed deal would be subject to review; both the Secretaries of Treasury and Homeland Security must sign off on reviews, while the Homeland Security Secretary would be vice-chair of the Committee; and all reviews are subject to review by the Director of National intelligence.

In addition, everyone knows that transparency and accountability were, in part, at the heart of the Congressional uproar over the Dubai World Ports deal. Importantly, H.R. 556 like its predecessor bill requires that CFIUS report bi-annually to Congress on its activities. This is strong legislation that will only make Congress' job less difficult on the issue of national security and foreign direct investment. Thank you.